

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3722 - HB 3771**

February 28, 2012

**SUMMARY OF BILL:** Defines “automatic renewal”, “automatic renewal offer terms”, and “continuous service offer terms” relative to product purchase subscriptions. Requires a seller of a subscription or purchasing agreement to provide a conspicuous notice of the cancellation policy, recurring charges, length of automatic renewal term, and the minimum purchase obligation. Requires the seller to obtain a consumer’s affirmative express consent to the automatic renewal offer or continuous service offer terms as part of the subscription or purchasing agreement. Establishes requirements for free trial offers. Requires the seller to provide notice of any material change in the terms of the automatic renewal. Directs that any product sent to a consumer under such agreements without first obtaining the consumer’s affirmative consent is an unconditional gift. Exempts any services provided by a person or affiliate where the person is doing business pursuant to a franchise issued by a political subdivision of the state or a license, franchise, certificate, or other authorization issued by the Tennessee Regulatory Authority (TRA). Exempts any service provided by an affiliate regulated by the TRA; Federal Communications Commission; Federal Energy Regulatory Commission; a person regulated by the Department of Commerce and Insurance (TDCI); an alarm systems contractor; a financial institution; or a service contract seller or administrator regulated by the Contractors Licensing Board. Classifies a violation as a Class B misdemeanor under the Consumer Protection Act.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- According to the Department of Commerce and Insurance, the bill creates an additional specific ground for which the Division of Consumer Affairs will be required to receive, investigate, and mediate consumer complaints.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/sbh